

MINUTES
STATE BOARD OF FINANCE
March 20, 2007
OFFICE OF THE OMB DIRECTOR
STATE HOUSE ROOM 212

Members in Attendance

Auditor Tim Berry
Charles Schalliol, OMB Director
Treasurer Richard Mourdock

Also in Attendance:

Kirke Willing, Deputy Auditor
Lottie Hooyer, Auditor of State's Office
Kathy Frick, Auditor of State's Office
Debbie Hineline, Department of Education
Jim Holden, Chief Deputy Treasurer
Tony Armstrong, Budget Agency
David Reynolds, Budget Agency
Chad Sweeney, IEDC
Terry Price, State Board of Accounts
Justin Mcaden, Budget Agency

CALL TO ORDER

The meeting was called to order at 9:05 a.m. by OMB Director Chuck Schalliol.

APPROVAL OF MINUTES

Auditor Tim Berry moved to approve the minutes from the **January 16, 2007**, meeting. Treasurer Mourdock seconded, and the minutes were unanimously approved.

DESIGNATION OF A DEPOSITORY FOR PUBLIC FUNDS OF THE STATE

At the request of **Treasurer Richard Mourdock**, pursuant to I.C. 5-13-9.5, the "Application for Designation as a Depository of Public Funds" was submitted to the Board for approval on behalf of Banterra Bank and The State Bank and Trust Company.

Auditor Berry moved to approve the designations, **OMB Chuck Schalliol** seconded, and the designations were unanimously approved.

INDIANAPOLIS DESEGREGATION DISTRIBUTIONS

A request was made by the Department of Education for the desegregation distributions to the following Indianapolis School Corporations effective April 1, 2007. The April quarterly installment for desegregation represents one-fourth of the estimated expenses for 2006-2007 and totals \$10,553,677.94. These claims were submitted by seven public school corporations under the Order. Transfer tuition comprises \$6,289,470.22. The residual \$4,264,207.72 is transportation, other desegregation costs and transition support.

<u>MSD Decatur Twp.</u>	
Transfer Tuition	\$587,431.44
Regular Transportation	214,740.38
Extracurricular Transportation	53,590.36
Other Desegregation Costs	<u>428,024.06</u>
Total	1,283,786.24
<u>Franklin Township</u>	
Transfer Tuition	\$446,450.25
Regular Transportation	251,817.50
Other Desegregation Costs	<u>312,395.29</u>
Total	1,010,663.04
<u>MSD Lawrence Twp.</u>	
Transfer Tuition	\$445,796.22
Regular Transportation	41,750.86
Other Desegregation Costs	<u>152,286.55</u>
Total	639,833.63
<u>MSD Perry Twp.</u>	
Transfer Tuition	\$1,553,786.11
Regular Transportation	664,602.91
Other Desegregation Costs	<u>754,403.05</u>
Total	2,972,792.07
<u>MSD Warren Twp.</u>	
Transfer Tuition	\$1,244,432.27
Regular Transportation	168,785.00
Other Desegregation Cost	<u>289,105.13</u>
Total	1,702,322.40
<u>MSD Wayne Twp.</u>	
Transfer Tuition	\$2,011,573.93
Regular Transportation	164,923.64
Other Desegregation Costs	<u>469,032.99</u>
Total	2,645,530.56

<u>Indianapolis Public</u>	
Transition Support	<u>\$298,750.00</u>
Total	298,750.00

Pursuant to the Federal Court Order, section 5(a)(1), the State shall repay itself from the state support due the Indianapolis Public Schools the lesser of the total amount of transfer tuition payable to all receiving corporations or certain state and local revenues for the students transferred. Accordingly, the January tuition support payment to the Indianapolis Public Schools will be decreased by \$5,928,191.38.

Auditor Berry moved to approve the distributions as set forth in the agenda, Treasurer Mourdock seconded, and the distributions were unanimously approved.

FUNDING TRANSFERS TO INDIANA ECONOMIC DEVELOPMENT CORPORATION

Tony Armstrong of the State Budget Agency requested, pursuant to IC 4-9.1-1-7, the transfer of two funds to the Economic Development Corporation

Nemcomed 1W, LLC

Project ID #- 339388

Location: Fort Wayne, Indiana

Corporate Overview:

Nemcomed FW, LLC (the “Company”) develops and manufactures precision medical devices that assist surgeons in providing improved quality of life for their patients. The Company will expand its manufacturing facilities by adding a new 34,000 sq. ft building that will accommodate new equipment engineering support, and a newly created product development company.

Special Incentive Description:

The Company is organized as a pass-through entity for tax purposes. The Company’s shareholders are residents of the State of Ohio. As a result, the shareholders cannot take full advantage of tax credits based upon Indiana state tax liability. The IEDC offered the Company an incentive payment that is tied to new job creation in lieu of traditional incentives. The incentive payments will be reduced if the Company fails to meet its job creation and wage commitments. In addition, the payments are subject to repayment in the event the Company breaches the incentive agreement at any time before December 31, 2014. The aggregate value of the Company’s incentives were significantly reduced as a result of the IEDC’s agreement to make an upfront incentive payment.

Private Sector Capital Investment: \$4,185,000

Public Sector Financing:

City of Fort Wayne: \$782,668

\$541,955 over 10 years of tax abatement on personal property

\$165,713 grant over 5 years

\$75,000 job fair assistance

Proposed IEDC Incentives: \$606,000

\$56,000 in training assistance for new employees

\$50,000 in TECH training assistance

\$500,000 in Incentive Payments over 3 years

Anticipated New Jobs: 110 total by 2008

Anticipated Annual Payroll of New Jobs: \$5,345,184 by 2008

Anticipated Company Average Wage: \$23.36 by 2008

The WellPoint Companies, Inc.

Project ID #: 340605

Location: Indianapolis, Indiana

Corporate Overview:

The WellPoint Companies, Inc. (the "Company") is a health benefits company serving approximately 34 million members nationwide. The Company is an independent licensee of the Blue Cross Blue Shield Association and serves its members as the Blue Cross and/or Blue Shield licensee in 14 states. The Company reported net income of \$2.5 billion in 2005. The Company will relocate its Specialty Pharmacy business from Ohio to the Indianapolis Maintenance Facility at the Indianapolis International Airport. The space the Company will occupy was previously utilized as the executive offices for the United Maintenance Center.

Special Incentive Description:

The Company had already commenced startup of its Specialty Pharmacy operation in the State of Ohio. It was critical to the Company that the State of Indiana provide an upfront incentive payment to help offset severance and relocation costs associated with transferring operations to Indiana. The payment will be subject to repayment in the event the Company breaches the incentive agreement. The incentive payment was offered in lieu of other incentives to which the Company was entitled in connection with the project.

Private Sector Capital Investment: \$28,776,300 Public Sector Financing:

City of Indianapolis: \$2,100,000

- \$350,000 in real estate tax exemption
- \$1.75 million in lease reduction savings

Proposed IEDC Incentives: \$8,500,000

\$450,000 in training assistance for new employees

\$50,000 in TECH training grant assistance

\$5,000,000 Incentive Payment

\$3,000,000 in EDGE tax credits over 9 years (27% of maximum possible)

Anticipated New Jobs; 900 total by 2011

Anticipated Annual Payroll of New Jobs: \$40,967,775 by 2011

Anticipated Company Average Wage: \$22.79 by 2011

Competing Site: Ohio

BUDGET AGENCY TRANSFER OF FUNDS FOR OFFICE OF TECHNOLOGY

David Reynolds of the State Budget Agency presented to the Board

[illegible]

FLOOD CONTROL REVOLVING FUND

Tony Armstrong presented to the Board, a request for approval to transfer funds totaling \$3,370,336.

NEW OR OTHER BUSINESS

No new business was brought before the Board.

ADJOURNMENT

Auditor Nass or Deputy Auditor Lottes moved to adjourn the meeting, Treasurer Berry or Chief Deputy Treasurer Willing seconded, the motion to adjourn was unanimously approved, and the meeting was adjourned.

Auditor Connie K. Nass or Paul Lottes, Deputy Auditor

Governor Mitch Daniels or Charles Schalliol, OMB Director

Treasurer Tim Berry or Kirke Willing, Chief Deputy Treasurer